



**DEPARTMENT OF HUMAN SERVICES**  
**SENIORS & PEOPLE WITH DISABILITIES**  
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**AUTHORIZED BY:** \_\_\_\_\_

**SPD Assistant Director/  
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**INFORMATION MEMORANDUM**

**SPD-IM-01-090**

**Date: November 1, 2001**

**TO:** SPD District and Unit Managers  
Area Agency on Aging Directors

**SUBJECT: Community Based Care Rate Restructure**

**INFORMATION:**

The 2001 Legislative Assembly approved community-based care rate restructuring to be effective January 1, 2002. Changes to the payment limitation rule are in the administrative rulemaking process. A workgroup of providers, local office staff and central office staff from both Senior and People with Disabilities Services (SPDS) and Fiscal and Policy Analysis Services (FPAS) is meeting regularly to discuss and define needed changes.

Implementation of the proposed rule must be approved by the Legislative Emergency Board prior to publication in the Oregon Bulletin. If approved by the Emergency Board, we will file Notice of Proposed Rulemaking December 1, 2001 to become effective January 1, 2002. The information in this IM is designed to provide you with background knowledge of the changes that are being discussed. This is the first of several Information Memorandums about the rate restructure and is intended to provide general information. More specific information will be issued in November and December. **No action should be taken at this time.**

The rate restructure primarily impacts rates for Medicaid clients who live in commercial adult foster homes (AFH) and residential care facilities (RCF).

**Proposed Changes:**

The rate restructure that the Assembly approved requires that the Department make changes to both the AFH/RCF payment methodology and to the levels of payment.

1. Effective January 1, 2002, the five-level "point system" used to determine Medicaid payment for clients who live in AFHs and RCFs is abolished.
2. Effective January 1, 2002, a "**base rate**" will be paid for all Medicaid clients who live in commercial (non-relative) AFHs and in RCFs. The monthly base rate will be \$917.

3. Effective January 1, 2002, a "**base rate**" will be paid for all Medicaid clients who live in relative AFHs. The monthly base rate will be \$700.
4. Additional add-on payments may be allowed for clients. Clients may qualify for one, two or three add-on payments based on their needs. Each add-on payment will be \$225 per month. The determination of client qualification for an add-payment will be based on the assessment and on information entered on the Client Assessment/ Planning System (CA/PS) or entered on the SDS 360 when still in use.

Monthly rate	Commercial AFH and RCF	Relative AFH
Base rate	\$917	\$700
Base plus 1 add-on	\$1,142	\$925
Base plus 2 add-ons	\$1,367	\$1,150
Base plus 3 add-ons	\$1,592	\$1,375

5. Add-on payments will be made for a client who:
  - Is dependent in eating OR mobility OR transferring; AND/OR
  - Regularly demonstrates behaviors that pose a risk to him or herself or to others and requires regular intervention by the provider; AND/OR
  - Has a complex health condition that requires regular observation and monitoring by a licensed healthcare professional.

A workgroup of providers, local office staff and central office staff from both Senior and People with Disabilities Services (SPDS) and Fiscal and Policy Analysis Services (FPAS) is meeting to define specific add-on criteria. This information will be released by mid-November.

### **Exceptional Payments:**

The system that the Legislative Assembly approved abolishes the six exceptional payment criteria used under the point system (refer to EL 00-009a). Exceptional payments under the current system **will not** be automatically continued in the new system. All exceptional payments under the new system must meet new exceptional payment standards. A workgroup of local office staff and central office staff from both SPDS and FPAS is meeting to define specific standards. This information will be released by mid-November.

SPDS and FPAS staff will work with local office management to evaluate the impact of the changes on individual clients and on care providers and to evaluate existing exceptional payments using rate restructuring criteria.

Current payment rates (including exceptional payment) for 71 adult foster home clients exceed \$1,592 per month. Individual client information has been distributed to local management staff. Current payment rates (including exceptional payment) for 12 residential care facility clients exceed \$1,592 per month. Individual client information has been distributed to local management staff. Management has been requested to evaluate client care needs and the reason for which the exceptional payment was approved. SPDS and

FPAS will staff the case along with local staff to determine if the exception can be allowed in the restructured system.

Information about clients for whom payment may decrease under the restructured system will be distributed to management at two-week intervals.

Effective January 1, 2002, **any** payment made to an AFH or RCF that is in excess of the scheduled rate **must be PRIOR AUTHORIZED by DHS central office staff**. The approval team will include management and staff from SPDS and from FPAS. Specific approval criteria information will be released by late November.

#### **PROVIDER NOTIFICATION:**

Providers will be notified about the changes by a letter from DHS no later than December 15, 2001. The letter will include information on changes to payment rates for all Medicaid clients in the home or facility. DHS will supply copies of individual home/facility changes to local offices at least one week before information is sent to providers.

#### **SYSTEM CHANGES:**

New payment rates as of January 1, 2002 will be automatically calculated and displayed. Local office staff will not need to hand adjust rates for any clients.

#### **TRAINING:**

Central office staff will present two half-day training sessions for local office training experts in December, 2001. Local experts will be provided with written material to share with their staffs.

#### **CONTACT:**

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